GOVERNMENT OF AHNDHRA PRADESH
A B S T R A C T

I&I Department - Increasing the existing stake of the GoAP from 50% to 74% in APGDC by re-structuring the shareholding pattern in APGIC, APGDC and GGPL by offering equity participation to Andhra Pradesh Maritime Board (APMB) & AP Industrial Infrastructure Corporation (APIIC)- Orders - Issued.

INFRASTRUCTURE & INVESTMENT (Airports) DEPARTMENT

G.O.Ms.No.10 Dated 17.08.2021

Read the following:

1) G.O.Ms.No.222, I&C (INF) Dept., dated.9.10.2009.
2) G.O.Ms.No.2, I&I (Airports) Dept., Dated 28.02.2011.
3) G.O.Ms.No.10, I&I (Airports) Dept., Dated 15.06.2011.
4) G.O.Rt.No.12, I&I (Airports) Dept., Dated 22.03.2021.
5) From the Executive Director (BD) - In charge GAIL India Ltd. Ref GAIL/ND/BD/APGDC/2020, Dt:23.10.2020.

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ORDER:

In the G.O 1st read above, orders were issued incorporating the Andhra Pradesh Gas Infrastructure Corporation (APGIC), for taking up upstream activities like Exploration and Production of Natural Gas for energy security and Industrialization in the State of Andhra Pradesh with AP Industrial Infrastructure Corporation (APIIC) and AP Power Generation Corporation (APGENCO) with equity ratio of 51% and 49% respectively.

2. In the G.Os 2nd & 3rd above, orders were issued incorporating a company by name Andhra Pradesh Gas Distribution Corporation (APGDC) Ltd to undertake mid-stream activities like laying of Natural Gas pipelines, regional grids, CNG Stations, development of a Regional Gas grid and establishment of a fast track FSRU based LNG re gasification Terminal at Kakinada, to meet the immediate requirement of gas for the power plants and other industries and domestic Gas supply in Andhra Pradesh. The APGIC and GAIL Gas Ltd., were originally, the shareholders of APGDC in the ratio of 50% each.

3. Besides, APGDC along with HPCL formed a joint venture Godavari Gas Private Limited (GGPL) to develop City Gas Distribution Network Development (CGD) Project in East and West Godavari Districts. The shareholding of APGDC is 74% and HPCL is 26%.

4. The APGDC submitted bid for the Kakinada - Srikakulam Pipeline (KSPL), notified by PNGRB in 2013 and was subsequently authorized by PNGRB in July 2014 to lay, build, operate and expand KSPL via Visakhapatnam & Vizianagaram. The authorized Capacity of the Pipeline is 90 MMSCMD based on the Gas Sources notified by PNGRB in the Bidding Document viz APGDC's proposed FSRU at Kakinada & PLL's (Petronet LNG Limited) proposed LNG terminal at Gangavaram. Accordingly, APGDC has planned execution of KSPL in two Phases viz Kakinada -Visakhapatnam Section

under Phase-1 and Visakhapatnam - Srikakulam along with Spur line to RINL & other Customers under Phase-2.

5. The estimated revised Project Cost as per the extract of report of SBI Caps is of Rs.1,070.84 Crore. The Project cost under Phase-1 is Rs.628.17 Crore and under phase-2 is Rs.442.67Crore. Both phases put together total hard cost is Rs.933.80 crores and soft cost is Rs.137.04crores.

6. In order to complete the project (Kakinada - Srikakulam pipeline project) undertaken by APGDC, GAIL has been seeking proportionate investment from GoAP (APIIC and APGENCO).

7. In the G.O 4th read above, to overcome the account becoming NPA, the Government has issued orders directing the VC&MD, APIIC and MD, APGENCO to release the amount to the APGIC in the equity participation ratio 51:49. Accordingly, APIIC has released an amount of Rs.30.00 crores towards equity. But, the APGENCO has informed that owing to severe financial constraints APGENCO is neither able to make any further contribution to APGIC in any manner nor increase its holding. As the APGENCO had made its stand clear on its continuation with APGDC due to severe financial constraints, it has been proposed to induct Andhra Pradesh Maritime Board, since the APMB would be a crucial partner in the APGDC.

8. In the review meeting held with PNGRB on 02.07.2021, GoAP accepted various observations made by the Board regarding funding of the project and conveyed that GoAP was supposed to release Rs.160crores till 31-03-2021 for KSPL and CGD projects. In this regard, till date, GoAP has so far released Rs.30crore and balance Rs.130crores is yet to be financed.

9. Government after careful examination hereby accord approval on the following:

i. To increase the existing stake of the Government entities i.e., APIIC & APMB from 50% to 74% in APGDC by infusing equity participation of 37% by each entity directly in APGDC.
ii. To induct APIIC & APMB directly in APGDC in place of APGIC.
iii. To transfer the equity holding of APGENCO to APMB in APGIC as APGENCO is not willing to continue its shareholding in APGIC.
iv. To approve the revised shareholding as below:

- ✓ **<u>In APGIC:</u>**
  Revised Shareholders are as follows:
  a. APIIC - 51%
  b. APMB - 49%
- ✓ **<u>In APGDC:</u>**
  Revised Shareholders are as follows:
  a. APIIC - 37%
  b. APMB - 37%
  c. GAIL - 26%

✓ **In GGPL:**
Revised Shareholders are as follows:

a. APGDC - 74%
   i. APIIC - 27.38%
   ii. APMB - 27.38%
   iii. GAIL - 19.24%
b. HPCL - 26%

v. To meet the immediate requirement of Rs.279.79 Cr by end of financial year 2022, APIIC has to infuse Rs.139.89 Cr and APMB has to infuse Rs.139.89 Cr.

10. The Managing Director, APGDC, Managing Director, APGIC, Vice Chairman & Managing Director, APIIC, Managing Director, APGENCO, Chief Executive Officer, APMB and Chairman, GAIL (Gas) Lt., shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Managing Director, APGDC, Kakinada.
The Managing Director, APGIC, Kakinada.
The Vice Chairman & Managing Director, APIIC, Mangalagiri.
The Managing Director, APGENCO, Vijayawada.
The Chief Executive Officer, APMB, Vijayawada.
The Chairman, GAIL (Gas) Ltd., New Delhi

Copy to
The Finance (FMU-I&I, Energy and I&C) Dept.,
The GA (Cabinet) Dept.,
The P.S to Hon'ble Minister for I&I
The P.S. to C.S to Govt.,
The P.S. to Secretary to Hon'ble CM.
The P.S. to Spl. C.S to Govt., I&I Department.
(C.No.INI01-APGD/7/2020-Airports, Comp.No.1266510)

//Forwarded :: By Order//

C.Kalyani
SECTION OFFICER